



Vendor Selection Policy

LCC PROJECTS LTD.

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1. Introduction

At **LCC Projects Limited**, we recognize that selecting the right vendors is critical to the successful execution of our infrastructure projects. As an organization, we are committed to ensuring that vendor selection is conducted in a transparent, fair, and systematic manner, based on clear and objective criteria. This policy aims to establish guidelines for selecting, evaluating, and managing vendors to ensure that we work with the most reliable, cost-effective, and capable suppliers and service providers.

This **Vendor Selection Policy** applies to all procurement activities undertaken by **LCC Projects Limited** for the purchase of goods, services, and works related to infrastructure development, including construction, materials, equipment, and consultancy services.

2. Objectives of the Vendor Selection Policy

- **Ensure Transparency and Fairness:** The vendor selection process should be objective, impartial, and consistent, eliminating bias or favoritism.
- **Quality Assurance:** Vendors must be capable of providing high-quality goods and services that meet the company's standards and requirements.
- **Cost-Effectiveness:** Selection should be made considering the best value for money while adhering to budget constraints.
- **Timeliness:** Vendors must be able to meet deadlines, ensuring timely delivery and project completion.
- **Compliance:** Ensure vendors comply with all relevant legal, regulatory, and contractual obligations.
- **Sustainability and Safety:** Promote vendors who comply with environmental and safety standards, contributing to the company's sustainability goals.

3. Scope of the Policy

This policy applies to all types of vendors, including but not limited to:

- **Material Suppliers:** For construction materials such as cement, steel, aggregates, and specialty materials.
- **Subcontractors:** For specialized works such as electrical, plumbing, HVAC, etc.
- **Consultants and Engineers:** For design, project management, engineering, and consultancy services.
- **Equipment Suppliers and Rental Companies:** For machinery, construction tools, and heavy equipment.
- **Service Providers:** For services such as transport, labor, and security.

4. Vendor Selection Process

The process for selecting vendors will be carried out in the following phases:

4.1 Pre-Qualification of Vendors

1. **Vendor Registration:** All potential vendors must complete a **Vendor Registration Form**, providing necessary information about their company, financial status, relevant certifications, and previous project experience.
2. **Documentary Requirements:** Vendors must submit documents including:
 - o Company Profile (Legal status, registration, etc.)
 - o Financial Statements (Balance Sheet, Profit & Loss Account)
 - o Relevant Certifications (ISO certifications, environmental, safety compliance)
 - o Proof of Experience (Previous projects, references, client feedback)

- o Safety Standards and Practices (if applicable)
 - 3. **Vendor Database:** A pre-approved list of vendors will be maintained by the procurement department. Vendors who meet the company's requirements, standards, and qualifications will be added to this list.
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4.2 Vendor Shortlisting

1. **Request for Proposal (RFP)/Request for Quotation (RFQ):** For each project or purchase, an RFP or RFQ will be issued to a shortlist of pre-qualified vendors, inviting them to submit bids or quotations.
 2. **Evaluation Criteria:** Vendors will be evaluated based on the following criteria:
 - o **Technical Capability:** Assessment of technical expertise, experience, and ability to meet project-specific requirements.
 - o **Financial Stability:** Evaluation of the vendor's financial health to ensure they have the capacity to complete the work without interruption.
 - o **Cost Effectiveness:** Competitive pricing within budget constraints, with consideration for both upfront costs and long-term value.
 - o **Past Performance:** Evaluation based on past projects, including quality of work, adherence to timelines, and client satisfaction.
 - o **Compliance:** Adherence to legal, safety, and environmental regulations. Vendors must have required licenses and comply with industry standards.
 - o **Quality Assurance:** Availability of quality management processes (e.g., ISO certifications) and the ability to meet the company's quality expectations.
 - o **Delivery Time:** Ability to meet project timelines and delivery deadlines.
 3. **Site Visits and Interviews:** In cases where technical expertise or complex project requirements are involved, site visits, interviews, and technical discussions with the vendor may be conducted.
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4.3 Vendor Evaluation and Selection

1. **Bid Evaluation:** The procurement team will evaluate the submitted bids, considering the vendor's adherence to the RFP/RFQ requirements, technical capability, pricing, and other criteria. A weighted scoring system may be used to rank vendors objectively.
 2. **Vendor Ranking:** Based on the evaluation, vendors will be ranked, and the highest-ranked vendor will be selected for negotiations. If the top-ranked vendor does not meet certain criteria or fails negotiation, the next best-ranked vendor will be considered.
 3. **Negotiation:** Terms of the contract, including pricing, delivery schedules, payment terms, and other conditions, will be negotiated with the selected vendor. Any changes to the original proposal will be discussed transparently.
 4. **Approval and Final Selection:** Once the negotiation is concluded, the selected vendor's proposal will be reviewed and approved by the senior management or procurement committee, and a formal contract will be signed.
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5. Vendor Relationship Management

- **Contract Management:** After selection, a formal contract will be signed with the vendor, detailing the scope of work, deliverables, timeline, pricing, payment terms, and penalties for non-compliance or delays.
- **Ongoing Monitoring:** Vendor performance will be continuously monitored throughout the project or service period. This includes tracking delivery schedules, quality of work, compliance with safety standards, and cost adherence.

- **Performance Reviews:** At the completion of the project or service period, a performance review will be conducted. Vendors will be assessed on criteria such as:
 - o Quality of work and adherence to specifications
 - o Timeliness of delivery
 - o Customer service and communication
 - o Safety and environmental compliance
 - o Overall satisfaction
 - **Feedback Loop:** Constructive feedback will be provided to vendors, and issues will be addressed promptly. If necessary, vendors who perform poorly will be removed from the preferred vendor list for future projects.
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6. Legal and Compliance Considerations

- **Regulatory Compliance:** Vendors must comply with all relevant Indian laws and regulations, including labor laws, environmental laws, health and safety regulations, and any local state-specific laws.
 - **Anti-Corruption and Ethical Standards:** Vendors must adhere to ethical business practices, including anti-bribery and anti-corruption laws. **LCC Projects Limited** will not engage with any vendor involved in unethical practices.
 - **Confidentiality:** All vendor relationships and contractual agreements should be governed by non-disclosure agreements (NDAs) to protect sensitive project information, intellectual property, and trade secrets.
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7. Vendor Performance Monitoring and Evaluation

To ensure that vendors continue to meet expectations, **LCC Projects Limited** will implement an ongoing vendor performance evaluation process. This includes:

- **Regular Audits:** Periodic audits to assess vendor compliance with contractual terms, timelines, quality, and safety standards.
 - **Rating System:** A vendor rating system will be used to assess performance in key areas, such as quality, delivery time, pricing, and overall satisfaction.
 - **Feedback and Improvement:** Vendors who consistently perform well will be rewarded with opportunities for future business, while vendors who fail to meet expectations will be provided with feedback and given an opportunity to improve.
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8. Vendor Dispute Resolution

In case of any disputes between **LCC Projects Limited** and the vendor, both parties will attempt to resolve the issue amicably through discussion and negotiation. If necessary, external mediation or arbitration may be sought to resolve the matter.

9. Approval and Amendments

This Vendor Selection Policy is approved by **LCC Projects Limited**'s Senior Management and is subject to review and updates periodically.

Conclusion

This **Vendor Selection Policy** is intended to ensure that **LCC Projects Limited** engages with only the most reliable, ethical, and capable vendors to deliver high-quality projects. By following this policy, we aim to build strong, long-term partnerships that support the company's goals and contribute to the successful completion of infrastructure projects across India.